

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Financial Statements

December 31, 2010

and

Independent Auditor's Report

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Moultonborough, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire (the Town) as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire as of December 31, 2010 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other post-employment benefits on pages i-vii and 21-24, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Moultonborough, New Hampshire's basic financial statements. The combining nonmajor fund and combining agency fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund and combining agency fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Clukay & Company PC

July 8, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Moultonborough, NH is prepared to provide an overview of the Town's financial activities for the year ended December 31, 2010. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Board of Selectmen also strives to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

Financial Highlights

- The assets of the Town of Moultonborough exceeded its liabilities at the close of the most recent fiscal year by \$15,476,918 (net assets). Of this amount, \$3,179,991 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$509,372.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$5,045,886, an increase of \$919,277 in comparison with the prior year. Of this total amount, \$4,943,775 is available for spending at the Town's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,823,640 or 33.3% of total general fund expenditures. (By way of comparison, this is 11.8% of the total Town commitment for the general fund, County and School.)
- The Town continues to have no outstanding debt at the end of the current fiscal year but does have two capital leases payable totaling \$239,371.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Town of Moultonborough using the integrated approach prescribed by GASB Statement 34.

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The financial statements are comprised of the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. We take all of the current year's revenues and expenses into account regardless of when cash is received or paid.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. One can divide all the funds of the Town into two categories: governmental funds and fiduciary funds.

Governmental funds. We use *governmental funds* to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the general fund and capital reserve funds, both of which are considered to be major funds. We combine data from all other governmental funds into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining supplemental statements elsewhere in this report.

The Town adopts an annual appropriation budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town of Moultonborough. The Town's fiduciary funds consist of private-purpose trust funds and agency funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. The basic financial statements and accompanying notes are followed by a section of *required supplementary information*. This section includes a budgetary comparison schedule for the general fund, the Town's only major governmental fund with an adopted budget, and includes reconciliation between the statutory fund balance for budgetary purposes and the

MANAGEMENT'S DISCUSSION AND ANALYSIS

fund balance as presented in the governmental fund financial statements. In addition, there's a schedule of funding progress for other post-employment benefits.

Other supplementary information. The combining statements referred to previously in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

Town of Moultonborough, NH Net Assets

| | 2010 | 2009 |
|---|----------------------|----------------------|
| Capital assets, net | \$ 10,380,105 | \$ 10,372,908 |
| Other assets | 12,066,698 | 11,228,527 |
| Total assets | <u>\$ 22,446,803</u> | <u>\$ 21,601,435</u> |
| Long-term liabilities | \$ 599,159 | \$ 166,675 |
| Other liabilities | 6,370,726 | 6,467,214 |
| Total liabilities | <u>\$ 6,969,885</u> | <u>\$ 6,633,889</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | \$ 10,140,734 | \$ 10,165,342 |
| Restricted | 2,156,193 | 1,890,810 |
| Unrestricted | <u>3,179,991</u> | <u>2,911,394</u> |
| Total net assets | <u>\$ 15,476,918</u> | <u>\$ 14,967,546</u> |

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the 2010 fiscal year, the Town's assets exceeded liabilities by \$15,476,918. This is a \$509,372 increase in net assets during 2010. This increase includes a \$265,383 increase in restricted assets, primarily in the Capital Reserve Funds of \$172,769, Maintenance Trust Funds of \$61,673 and Recreation Fund of \$40,035. The unrestricted net assets increased by \$268,597 which was mainly due to the General Fund. Capital assets only increased \$7,197 which was offset by the increase in capital leases payable of (\$31,805) making it a decrease in capital assets, net of related debt.

The largest portion of the Town's net assets \$10,140,734 (66%) reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town's capital leases payable at year end of \$239,371 is our only related debt. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$2,156,193 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$3,179,991 may be used to meet the government's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Moultonborough, NH Changes in Net Assets

| | 2010 | 2009 |
|---|----------------------|----------------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 498,166 | \$ 514,888 |
| Operating grants and contributions | 206,881 | 231,650 |
| General revenues: | | |
| Property and other taxes | 7,346,127 | 6,279,746 |
| Licenses and permits | 1,094,977 | 1,124,700 |
| Grants and contributions | 221,052 | 220,561 |
| Interest and investment earnings | 46,626 | 87,073 |
| Miscellaneous | 154,881 | 266,932 |
| Total revenues | <u>9,568,710</u> | <u>8,725,550</u> |
| Expenses | | |
| General government | 2,191,935 | 1,814,740 |
| Public safety | 2,501,656 | 2,439,393 |
| Highways and streets | 2,186,536 | 1,784,051 |
| Health and welfare | 610,449 | 546,847 |
| Sanitation | 522,887 | 641,111 |
| Culture and recreation | 1,046,643 | 862,754 |
| Interest and fiscal charges | - | 12,786 |
| Total expenses | <u>9,060,106</u> | <u>8,101,682</u> |
| Increase in net assets before contributions to permanent fund principal | 508,604 | 623,868 |
| Contributions to permanent fund principal | <u>768</u> | <u>600</u> |
| Increase in net assets | 509,372 | 624,468 |
| Net assets, beginning of year | <u>14,967,546</u> | <u>14,343,078</u> |
| Net assets, end of year | <u>\$ 15,476,918</u> | <u>\$ 14,967,546</u> |

Governmental activities. The Town has no business-type activities therefore governmental activities were 100% responsible for the Town's total growth in net assets of \$509,372. Key elements of this increase are displayed above in the Town's Changes in Net Assets.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of 2010, the Town's governmental funds reported combined ending fund balances of \$5,045,886, an increase of \$919,277 in comparison with the prior year. Of this total amount \$4,943,775 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$13,847), or 2) to generate income to use for purposes that support the Town's programs at the cemeteries (\$8,213) and the municipal library (\$80,053).

The general fund is the chief operating fund of the Town of Moultonborough. At the end of the 2010 fiscal year, unreserved fund balance of the general fund was \$2,823,640 while total fund balance was \$2,837,487. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Because there is little difference between the two, both figures represent thirty-three percent (33%) of total general fund expenditures of \$8,474,434.

The fund balance of the Town's general fund increased \$626,300 during the 2010 fiscal year. While final revenues were down \$197,648 over those estimated in the 2010 budget, the Town under expended its final budget by \$960,404.

The fund balances of the capital reserve funds totaled \$1,408,165 which is a \$172,769 increase from the prior year.

The fund balances of the five non-major governmental funds totaled \$800,234 which is a \$120,208 increase from the prior year.

General Fund Budgetary Highlights

During the year, the original budget for appropriations decreased by \$1,026,873. This decrease is the result of approved appropriations of \$522,138 being carried forward to 2011 plus a reduction in appropriations supported by revenues and transfers-in totaling \$504,735 that are not susceptible to accrual.

The Town under expended its 2010 budget by \$960,404. This resulted from conservative spending within the departments and lower costs, than projected, for contracted services. The Town also had a number of key positions that were vacant during the year.

The Town undertook a number of initiatives in 2010 in response to items identified in the 2010 budget reports. Among these initiatives, was a comprehensive analysis and restructuring of employee benefits including, but not limited to, health insurance. The Select Board migrated to a platform of employer/employee cost sharing across the full range of employee insurance plans (health, dental, disability and life). Operating efficiencies were gained by changing all town payrolls to a single week end date and moving from a weekly to bi-weekly processing of payroll and accounts payable.

A Blue Ribbon Committee (BRC) was established by the Select Board in 2010 to work on eight specific goals which were identified in the Master Plan. The purpose of the Committee is to review and assess the need for and provision of services by the Community Services Team (Human, Health, Senior and Recreation). It will also report on the need for and provision of facilities from which those services would be improved.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Moultonborough Milfoil Committee oversaw treatment of 350 acres of milfoil infestation in portions of Lake Winnepesaukee and Lee's Pond along the Moultonborough shoreline. A new Milfoil Control Trust was created in the amount of \$200,000. A coalition of NH Lakes Region towns including Wolfeboro, Tuftonboro, and Moultonborough formed a Milfoil Joint Board which applied for and received a grant in the amount of \$26,369 which was combined with \$15,000 from the three towns. In 2010, \$13,000 of the grant funds were used to purchase two used 24 foot pontoon boats with motors and trailers which will be retrofitted into milfoil DASH abatement units.

Capital Asset and Debt Administration

Capital Assets. The Town of Moultonborough considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their useful life beginning in the year after acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$10,380,105 (net of accumulated depreciation), an increase of \$7,197 from the previous year. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included repairs to the Lees Mill Boat Ramp (\$106,199), the purchase of a 2010 John Deere 310JC TMC 4X4 backhoe/loader (\$103,500), and a 2011 Ford F-550 4x4 with plow, wing and stainless steel in-body sander/dump (\$87,885).

| | Capital Assets (net of depreciation) | |
|----------------------------|---|---------------------|
| | <u>Governmental Activities</u> | |
| | <u>2010</u> | <u>2009</u> |
| Land and improvements | \$2,107,380 | \$2,046,553 |
| Buildings and improvements | 5,074,065 | 5,194,481 |
| Vehicles and equipment | 1,587,787 | 1,547,948 |
| Infrastructure | 1,297,383 | 1,362,250 |
| Construction in progress | <u>313,490</u> | <u>221,676</u> |
| Total | <u>\$ 10,380,105</u> | <u>\$10,372,908</u> |

Additional information on capital assets can be found in Note 5 of the Basic Financial Statements.

The Town's Capital Improvements Program Committee (CIPC) was established pursuant to Warrant Article 10 at the March 14, 2009 Town Meeting. The CIPC began meeting in 2010 and is in the process of compiling the first Capital Improvement Plan (CIP) for the Town, School and Library. The CIPC is an appointed, volunteer body created to plan for the orderly implementation and financing of a CIP in a manner which meets the needs of the Town and minimizes fluctuations of the tax rate and the impact thereof upon its taxpayers.

Long-Term Obligations. At the end of the current fiscal year, total bonded debt outstanding was zero and capital leases payable was \$239,371. During 2010, the Town entered into its second capital lease for a 2010 John Deere backhoe/loader. The Town has no long-term obligations for compensated absences.

MANAGEMENT'S DISCUSSION AND ANALYSIS

| | | |
|--------------------------|--|------------------|
| | Outstanding Debt Governmental Activities <u>General Obligation Bonds and Capital Lease Payable</u> | |
| | <u>2010</u> | <u>2009</u> |
| General obligation bonds | \$ - | \$ - |
| Capital leases | <u>239,371</u> | <u>207,566</u> |
| Total | <u>\$239,371</u> | <u>\$207,566</u> |

See Note 9, of the Basic Financial Statements, for a summary of all outstanding long-term obligations.

Economic Factors, Rates and 2011 Budget

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Moultonborough. They do so based on the Annual Budget approved at Town Meeting adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #45. The property tax also pays the levy placed on the Town by Carroll County and the State of New Hampshire in the Statewide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year's tax rate applied to the current year's assessments. The second billing utilizes the correct tax rate for the year as established by the New Hampshire DRA applied to the current year's assessment.

Following is a comparison of the 2010 to the 2009 tax rates:

| | | |
|-------------------------------|---------------|---------------|
| | <u>2010</u> | <u>2009</u> |
| Town rate | \$2.63 | \$2.22 |
| Local school rate | 2.12 | 2.14 |
| State school rate | 2.32 | 2.31 |
| County rate | <u>1.05</u> | <u>1.03</u> |
| Total rate | <u>\$8.12</u> | <u>\$7.70</u> |
| Assessed value (in thousands) | \$2,805,629 | \$2,833,023 |

The results of the 2010 statistical update of values done in Moultonborough show that most waterfront properties continue to hold their value, while non-waterfront properties and condominiums stayed the same or decreased in value. There were thirteen sales of high end waterfront properties for over one million dollars each. Overall, property values town-wide decreased in value by only one percent.

Requests for Information

This financial report provides our citizens and creditors with a general overview of the Town of Moultonborough's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administration Department, or the Board of Selectmen, at P.O. Box 139, Moultonborough, NH 03254. You may also call them at (603) 476-2347, stop by Town Hall at 6 Holland Street, or visit our website at www.moultonborough.org and click on *Departments and Boards*.

EXHIBIT A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2010

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 10,688,499 |
| Investments | 124,228 |
| Taxes receivable, net | 1,208,595 |
| Accounts receivable | 31,529 |
| Prepaid expenses | 13,847 |
| Total Current Assets | <u>12,066,698</u> |
| Noncurrent Assets: | |
| Capital assets: | |
| Non-depreciable capital assets | 1,368,829 |
| Depreciable capital assets, net | 9,011,276 |
| Total Noncurrent Assets | <u>10,380,105</u> |
| Total Assets | <u>\$ 22,446,803</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | \$ 135,902 |
| Accrued expenses | 35,440 |
| Deferred revenue | 10,560 |
| Due to other governments | 6,188,824 |
| Current portion of capital leases payable | 57,868 |
| Total Current Liabilities | <u>6,428,594</u> |
| Noncurrent Liabilities: | |
| Capital leases payable | 181,503 |
| Other post-employment benefits payable | 359,788 |
| Total Noncurrent Liabilities | <u>541,291</u> |
| Total Liabilities | <u>6,969,885</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 10,140,734 |
| Restricted | 2,156,193 |
| Unrestricted | 3,179,991 |
| Total Net Assets | <u>15,476,918</u> |
| Total Liabilities and Net Assets | <u>\$ 22,446,803</u> |

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2010

| Functions/Programs | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---|---------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Governmental Activities: | | | | |
| General government | \$ 2,191,935 | \$ 14,036 | | \$ (2,177,899) |
| Public safety | 2,501,656 | 43,402 | \$ 63,663 | (2,394,591) |
| Highways and streets | 2,186,536 | | 143,218 | (2,043,318) |
| Sanitation | 522,887 | 149,842 | | (373,045) |
| Health and welfare | 610,449 | 206,267 | | (404,182) |
| Culture and recreation | 1,046,643 | 84,619 | | (962,024) |
| Total governmental activities | <u>\$ 9,060,106</u> | <u>\$ 498,166</u> | <u>\$ 206,881</u> | <u>(8,355,059)</u> |
| General revenues: | | | | |
| Property and other taxes | | | | 7,346,127 |
| Licenses and permits | | | | 1,094,977 |
| Grants and contributions: | | | | |
| Rooms and meals tax distribution | | | | 221,052 |
| Interest and investment earnings | | | | 46,626 |
| Miscellaneous | | | | 154,881 |
| Contributions to permanent fund principal | | | | 768 |
| Total general revenues and contributions to permanent fund principal | | | | <u>8,864,431</u> |
| Change in net assets | | | | 509,372 |
| Net assets - beginning | | | | <u>14,967,546</u> |
| Net assets - ending | | | | <u>\$ 15,476,918</u> |

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2010

| | General Fund | Capital Reserve Funds | Other Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|---------------------|-----------------------------|--|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 8,605,454 | \$ 1,460,399 | \$ 622,646 | \$ 10,688,499 |
| Investments | | | 124,228 | 124,228 |
| Taxes receivable, net | 1,208,595 | | | 1,208,595 |
| Accounts receivable | 31,529 | | | 31,529 |
| Due from other funds | 55,384 | | 57,312 | 112,696 |
| Prepaid expenses | 13,847 | | | 13,847 |
| Total Assets | <u>\$ 9,914,809</u> | <u>\$ 1,460,399</u> | <u>\$ 804,186</u> | <u>\$ 12,179,394</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 135,902 | | | \$ 135,902 |
| Accrued expenses | 35,440 | | | 35,440 |
| Deferred revenue | 660,646 | | | 660,646 |
| Due to other governments | 6,188,824 | | | 6,188,824 |
| Due to other funds | 56,510 | \$ 52,234 | \$ 3,952 | 112,696 |
| Total Liabilities | <u>7,077,322</u> | <u>52,234</u> | <u>3,952</u> | <u>7,133,508</u> |
| FUND BALANCES | | | | |
| Reserved for endowments | | | 88,264 | 88,264 |
| Reserved for prepaid expenses | 13,847 | | | 13,847 |
| Unreserved, reported in: | | | | |
| General fund | 2,823,640 | | | 2,823,640 |
| Special revenue funds | | 1,408,165 | 695,330 | 2,103,495 |
| Permanent funds | | | 16,640 | 16,640 |
| Total Fund Balances | <u>2,837,487</u> | <u>1,408,165</u> | <u>800,234</u> | <u>5,045,886</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,914,809</u> | <u>\$ 1,460,399</u> | <u>\$ 804,186</u> | |

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 10,380,105

Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis 650,086

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:

Capital leases payable (239,371)

Other post-employment benefits payable (359,788)

Net assets of governmental activities \$ 15,476,918

EXHIBIT D

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2010

| | General Fund | Capital Reserve Funds | Other Nonmajor Governmental Funds | Total Governmental Funds | |
|---|---------------------|-----------------------------|--|--------------------------------|--|
| Revenues: | | | | | |
| Taxes | \$ 7,371,636 | | | \$ 7,371,636 | |
| Licenses and permits | 1,094,977 | | | 1,094,977 | |
| Intergovernmental | 427,933 | | | 427,933 | |
| Charges for services | 458,547 | | \$ 39,619 | 498,166 | |
| Interest and investment income | 29,227 | \$ 11,385 | 6,014 | 46,626 | |
| Miscellaneous | 130,889 | | 27,467 | 158,356 | |
| Total Revenues | <u>9,513,209</u> | <u>11,385</u> | <u>73,100</u> | <u>9,597,694</u> | Net Change in Fund Balances--Total Governmental Funds \$ 919,277 |
| Expenditures: | | | | | |
| Current operations: | | | | | |
| General government | 1,755,796 | | | 1,755,796 | |
| Public safety | 2,288,711 | | | 2,288,711 | |
| Highways and streets | 1,470,683 | | | 1,470,683 | |
| Sanitation | 500,965 | | | 500,965 | |
| Health and welfare | 600,949 | | | 600,949 | |
| Culture and recreation | 736,738 | | 104,216 | 840,954 | |
| Capital outlay | 1,120,592 | 21,091 | 160,176 | 1,301,859 | |
| Total Expenditures | <u>8,474,434</u> | <u>21,091</u> | <u>264,392</u> | <u>8,759,917</u> | (6,535) |
| Excess revenues over (under) expenditures | 1,038,775 | (9,706) | (191,292) | 837,777 | (25,509) |
| Other financing sources (uses): | | | | | |
| Proceeds from capital lease | 81,500 | | | 81,500 | |
| Transfers in | 44,975 | 227,300 | 312,452 | 584,727 | |
| Transfers out | (538,950) | (44,825) | (952) | (584,727) | |
| Total other financing sources (uses) | <u>(412,475)</u> | <u>182,475</u> | <u>311,500</u> | <u>81,500</u> | (81,500) |
| Net change in fund balances | 626,300 | 172,769 | 120,208 | 919,277 | 49,695 |
| Fund balances at beginning of year | 2,211,187 | 1,235,396 | 680,026 | 4,126,609 | |
| Fund balances at end of year | <u>\$ 2,837,487</u> | <u>\$ 1,408,165</u> | <u>\$ 800,234</u> | <u>\$ 5,045,886</u> | (359,788) |
| | | | | | \$ 509,372 |

Net Change in Fund Balances--Total Governmental Funds \$ 919,277

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. 13,732

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets. (6,535)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (25,509)

Proceeds from capital leases are reported as other financing sources in the funds, but a capital lease increases long-term liabilities in the statement of net assets. (81,500)

Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 49,695

Some expenses reported in the statement of activities, such as other post-employment benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (359,788)

Change in Net Assets of Governmental Activities \$ 509,372

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

| | Private- Purpose <u>Trust Funds</u> | Agency <u>Funds</u> |
|---------------------------|---|------------------------|
| ASSETS | | |
| Cash and cash equivalents | | \$ 833,278 |
| Investments | \$ 80,250 | |
| Total assets | <u>\$ 80,250</u> | <u>\$ 833,278</u> |
| LIABILITIES | | |
| Due to other governments | | \$ 809,950 |
| Deposits | | 23,328 |
| Total liabilities | <u>\$ -</u> | <u>\$ 833,278</u> |
| NET ASSETS | | |
| Held in trust | 80,250 | |
| Total net assets | <u>\$ 80,250</u> | |

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2010

| | <u>Private- Purpose Trust Funds</u> |
|--------------------------------|---|
| ADDITIONS: | |
| Contributions: | |
| Private donations | \$ 7,962 |
| Total Contributions | <u>7,962</u> |
| Investment earnings: | |
| Interest | <u>819</u> |
| Total Investment Earnings | <u>819</u> |
| Total Additions | <u>8,781</u> |
| DEDUCTIONS: | |
| Benefits | <u>10,534</u> |
| Total Deductions | <u>10,534</u> |
| Change in net assets | (1,753) |
| Net assets - beginning of year | <u>82,003</u> |
| Net assets - end of year | <u>\$ 80,250</u> |

See accompanying notes to the basic financial statements

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Moultonborough, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Moultonborough, New Hampshire (the Town) was incorporated in 1777. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

The *Capital Reserve Funds* account for the financial resources of the various trust arrangements held by the Trustees of Trust Funds in which the principal and income benefit the various departments of the Town.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds consist of capital reserve funds of the Moultonborough School District, which are held by the Town as required by State law. Other agency funds consist of developer's performance bonds.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the Statement of Net Assets.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses)

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

2. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2010, the Town applied \$182,000 of its unappropriated fund balance to reduce taxes.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2010 are recorded as receivables net of reserves for estimated uncollectibles of \$25,000.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. Improvements are capitalized; the costs of

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Years</u> |
|----------------------------|--------------|
| Infrastructure | 10-30 |
| Land improvements | 25 |
| Buildings and improvements | 50 |
| Vehicles and equipment | 3-25 |

Compensated Absences

Dependent on length of service, employees earn vacation at five to twenty-five days per year. Vacation leave must be taken prior to the end of the calendar year in which it is earned. All permanent full-time and part-time employees accrue one sick leave day per month. Employees may bank the unused sick leave days up to a total of sixty days. No payment for unused sick leave is made upon termination.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

Fund Balance Reserves

The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for endowments and prepaid expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense and the allowance for uncollectible taxes.

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,805,628,914 as of April 1, 2010) and are due in two installments on July 1, 2010 and December 17, 2010. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property is tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Moultonborough School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$12,451,735 and \$2,958,523 for the Moultonborough School District and Carroll County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 3—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2010, the Town was a member of the New Hampshire Public Risk Management Exchange

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

(PRIMEX). The Town currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2010.

Property and Liability Insurance

PRIMEX provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of PRIMEX, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. For the year ended December 31, 2010, the Trust retained \$500,000 of each loss, up to an aggregate of \$2,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

PRIMEX provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 4—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2010 are classified in the accompanying financial statements as follows:

| | |
|------------------------------------|----------------------|
| Statement of Net Assets: | |
| Cash and cash equivalents | \$ 10,688,499 |
| Investments | 124,228 |
| Statement of Fiduciary Net Assets: | |
| Cash and cash equivalents | 833,278 |
| Investments | 80,250 |
| | <u>\$ 11,726,255</u> |

Deposits and investments at December 31, 2010 consist of the following:

| | |
|--------------------------------------|----------------------|
| Deposits with financial institutions | <u>\$ 11,726,255</u> |
|--------------------------------------|----------------------|

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

The Town's investment policy for governmental fund types requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to United States obligations, savings banks deposits, and certificates of deposit or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. For assurance against custodial credit risk, the Town's investment policy requires that all deposits with financial institutions be collateralized with pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal deposit insurance.

Of the Town's deposits with financial institutions at year end, \$10,632,128 was collateralized by securities held by the bank in the bank's name.

NOTE 5—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

| | <u>Balance</u> <u>01/01/10</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>12/31/10</u> |
|---|-----------------------------------|------------------|--------------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital assets not depreciated: | | | | |
| Land | \$ 1,055,339 | | | \$ 1,055,339 |
| Construction in progress | 221,676 | \$ 130,470 | \$ (38,656) | 313,490 |
| Total capital assets not being depreciated | <u>1,277,015</u> | <u>130,470</u> | <u>(38,656)</u> | <u>1,368,829</u> |
| Other capital assets: | | | | |
| Infrastructure | 1,514,274 | | | 1,514,274 |
| Land improvements | 1,134,317 | 106,199 | | 1,240,516 |
| Buildings and improvements | 6,062,557 | | | 6,062,557 |
| Vehicles and equipment | 3,312,140 | 306,255 | (212,928) | 3,405,467 |
| Total other capital assets at historical cost | <u>12,023,288</u> | <u>412,454</u> | <u>(212,928)</u> | <u>12,222,814</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (152,024) | (64,867) | | (216,891) |
| Land improvements | (143,103) | (45,372) | | (188,475) |
| Buildings and improvements | (868,076) | (120,416) | | (988,492) |
| Vehicles and equipment | (1,764,192) | (235,381) | 181,893 | (1,817,680) |
| Total accumulated depreciation | <u>(2,927,395)</u> | <u>(466,036)</u> | <u>181,893</u> | <u>(3,211,538)</u> |
| Total other capital assets, net | <u>9,095,893</u> | <u>(53,582)</u> | <u>(31,035)</u> | <u>9,011,276</u> |
| Total capital assets, net | <u>\$10,372,908</u> | <u>\$ 76,888</u> | <u>\$ (69,691)</u> | <u>\$ 10,380,105</u> |

Depreciation expense was charged to governmental functions as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

| | |
|--|-------------------|
| General government | \$ 69,161 |
| Public safety | 161,597 |
| Highways and streets | 165,135 |
| Sanitation | 21,422 |
| Culture and recreation | 48,721 |
| Total governmental activities depreciation expense | <u>\$ 466,036</u> |

The balance of assets acquired through capital lease issuances as of December 31, 2010 is as follows:

| | |
|--------------------------------|-------------------|
| Vehicles and equipment | \$ 362,121 |
| Less: Accumulated depreciation | <u>(25,002)</u> |
| | <u>\$ 337,119</u> |

NOTE 6—DUE TO OTHER GOVERNMENTS

In accordance with State law, the Town collects taxes for the Moultonborough School District, Carroll County, and the State of New Hampshire, all independent governmental units, which are remitted to them as required by law. At December 31, 2010, the balance of the property tax appropriation due to the Moultonborough School District is \$6,188,824.

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policy

Covered public safety employees are required to contribute 9.3% of their covered salary, whereas general employees are required to contribute 5.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 13.66%, 17.28% and 9.16%, respectively through June 30, 2010 and 14.63%, 18.52% and 9.16%, respectively, thereafter. The Town contributes 70% of the employer cost for public safety officers employed by the Town, and the State contributes the remaining 30% of the employer cost, through June 30, 2010 and 75% and 25%, respectively, thereafter. The Town contributes 100% of the employer cost for general employees of the Town. In accordance with accounting principles generally accepted in the United States of America (GASB Statement #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$50,284 have been reported as a revenue and expenditure in the General Fund in these financial statements.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2010, 2009, and 2008 were \$280,560, \$248,692, and \$242,214, respectively, equal to the required contributions for each year.

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees. Dental, health care, pharmacy, and vision benefits have two groups of coverage. For group one, the employee must reach age 60 to qualify for this benefit. For group two, the employee must reach the age of 55 and have at least 20 years of service to qualify. All other retirees and spouses of retirees pay the full cost of the health care coverage. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of December 31, 2010, the alternative measurement method valuation date, approximately 6 retirees and 51 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

During the year, the Town prospectively implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

Annual OPEB Costs

The Town's fiscal 2010 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC) an amount determined using the alternative measurement method in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The Town's annual OPEB cost for the year ending December 31, 2010 including the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on the alternative measurement method valuation as of December 31, 2010 is as follows:

| | |
|---|-------------------|
| Annual Required Contribution (ARC) | \$ 422,340 |
| Interest on Net OPEB obligation (NOO) | - |
| Adjustment to ARC | - |
| Annual OPEB Cost | 422,340 |
| Age Adjusted Contributions made | (62,552) |
| Increase in Net OPEB obligation | 359,788 |
| Net OPEB obligation - beginning of year | - |
| Net OPEB obligation - end of year | <u>\$ 359,788</u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending December 31, 2010 is as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

| Fiscal Year <u>Ended</u> | Annual <u>OPEB Cost</u> | Percentage of OPEB Cost <u>Contributed</u> | Net OPEB <u>Obligation</u> | Covered <u>Payroll</u> | OPEB Cost <u>% of Pay</u> |
|--------------------------------|----------------------------|--|-------------------------------|---------------------------|------------------------------|
| 12/31/2010 | \$ 422,340 | 14.8% | \$ 359,788 | \$ 2,549,386 | 16.6% |

The Town's net OPEB obligation as of December 31, 2010 is recognized as a liability in these financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of December 31, 2010, the date of the alternative measurement method valuation is as follows:

| | |
|---|---------------------|
| Actuarial Accrued Liability (AAL) | \$ 3,133,764 |
| Actuarial value of plan assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 3,133,764</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0.0% |
| Covered payroll (active plan members) | \$ 2,549,386 |
| UAAL as a percentage of covered payroll | 122.9% |

The alternative measurement method valuation involves estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other key assumptions. Internally generated key assumptions, based on recent trends within the Town, include general considerations, expected point at which benefits begin, and marital and dependency status. Mortality assumptions were derived from the RP2000 Mortality Table. Turnover assumptions were based on the Standard Turnover Assumption from pronouncement GASBS No. 45. The assumption on health care trends was provided by an independent company that assisted the Town in the preparation of the alternative measurement method valuation for GASB 45. Based on this company's help, the health care trends do not reflect potential changes in future health costs due to the passage of the Patient Protection and Affordable Care Act signed on March 23, 2010, as amended by the Health Care and Education Reconciliation Act signed on March 30, 2010. The impact of these recent legislations are unknown. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information will provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits, when available.

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

In the December 31, 2010 alternative measurement method valuation the Entry Age cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 3.5% investment rate of return and an initial annual healthcare cost trend of 8.0%, 8.0%, 5.0%, and 3.0% for health, pharmacy, dental, and vision, respectively. These percentages are reduced to an ultimate 5.0%, 4.7%, 3.0%, and 3.0% long-term rate, for health, pharmacy, dental, and vision benefits, respectively, after ten years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years on a closed group basis. This has been calculated assuming the amortization payment increases at a rate of 3.5% per year.

NOTE 9—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2010 are as follows:

| | Balance 01/01/10 | Additions | Reductions | Balance 12/31/10 | Due Within One Year |
|--------------------------|---------------------|-----------|-------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Capital leases payable | \$ 207,566 | \$ 81,500 | \$ (49,695) | \$ 239,371 | \$ 57,868 |

Payments made on the capital leases are paid out of the General Fund.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following is the individual capital lease obligation at December 31, 2010:

| | |
|---|-------------------|
| John Deere Motor Grader, due in monthly installments of \$4,116, including interest at 4.50%, through September 2014 | \$ 166,675 |
| John Deere Backhoe Loader, due in monthly installments of \$1,530, including interest at 4.95%, through June 2015 | 72,696 |
| | <u>\$ 239,371</u> |

Debt service requirements to retire capital leases outstanding at December 31, 2010 are as follows:

| Year Ending December 31, | Principal | Interest | Totals |
|-----------------------------|-------------------|------------------|-------------------|
| 2011 | \$ 57,868 | \$ 9,884 | \$ 67,752 |
| 2012 | 60,598 | 7,155 | 67,753 |
| 2013 | 63,456 | 4,297 | 67,753 |
| 2014 | 49,893 | 1,396 | 51,289 |
| 2015 | 7,556 | 93 | 7,649 |
| | <u>\$ 239,371</u> | <u>\$ 22,825</u> | <u>\$ 262,196</u> |

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

NOTE 10—INTERFUND BALANCES AND TRANSFERS

The General Fund paid for various items that are to be reimbursed from the Capital Reserve Funds and Nonmajor Governmental Funds. The balance of expenditure reimbursements due to the General Fund are reflected as an interfund receivable. The current year's earned income in the Permanent Funds, a Nonmajor Governmental Fund, that is to be distributed to the General Fund and the Library Fund, a Nonmajor Governmental Fund, is also reflected as an interfund balance. In addition, the charges for services from the recreation department in excess of the General Fund's budgeted revenue is payable to the Recreation Fund, a Nonmajor Governmental Fund. Interfund balances at December 31, 2010 are as follows:

| | Due from | | | Totals |
|-----------------------------|------------------|-----------------------------|-----------------------------------|-------------------|
| | General Fund | Capital Reserve Funds | Nonmajor Governmental Funds | |
| Due to General Fund | | \$ 52,234 | \$ 3,150 | \$ 55,384 |
| Nonmajor Governmental Funds | \$ 56,510 | | 802 | 57,312 |
| | <u>\$ 56,510</u> | <u>\$ 52,234</u> | <u>\$ 3,952</u> | <u>\$ 112,696</u> |

During the year, several interfund transactions occurred between funds. The various transfers between the General Fund, Capital Reserve Funds and the Nonmajor Governmental Funds were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2010 are as follows:

| | Transfers out | | | Totals |
|-----------------------------|-------------------|-----------------------------|-----------------------------------|-------------------|
| | General Fund | Capital Reserve Funds | Nonmajor Governmental Funds | |
| Transfers in General Fund | | \$ 44,825 | \$ 150 | \$ 44,975 |
| Capital Reserve Funds | \$ 227,300 | | | 227,300 |
| Nonmajor Governmental Funds | 311,650 | | 802 | 312,452 |
| | <u>\$ 538,950</u> | <u>\$ 44,825</u> | <u>\$ 952</u> | <u>\$ 584,727</u> |

NOTE 11—PERMANENT FUNDS

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. Principal and income balances at December 31, 2010 are as follows:

| | Principal | Income | Total |
|----------------|------------------|------------------|-------------------|
| Cemetery Funds | \$ 8,212 | \$ 8,149 | \$ 16,361 |
| Library Funds | 80,052 | 8,491 | 88,543 |
| | <u>\$ 88,264</u> | <u>\$ 16,640</u> | <u>\$ 104,904</u> |

NOTE 12—RESTRICTED NET ASSETS

Net assets are restricted for specific purposes at December 31, 2010 as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

| | |
|---------------------------------------|---------------------|
| Endowments | \$ 88,264 |
| Recreation | 163,739 |
| Conservation | 21,362 |
| Capital reserves | 1,408,165 |
| Maintenance expendable trusts | 303,106 |
| Non-lapsing continuing appropriations | 171,557 |
| | <u>\$ 2,156,193</u> |

NOTE 13—COMMITMENTS AND CONTINGENCIES

Ambulance Contract

During January 2006, the Town of Moultonborough and several neighboring towns entered into a long-term contract with an independent company to provide emergency ambulance services. The agreement shall be in effect from April 1, 2006 through March 31, 2011, with an automatic five year renewal until March 31, 2016. Terms of the agreement provide for monthly payments from each town based on a distribution formula comprised of both fixed and variable costs. The fixed cost for each town is based on 20% of the total contract price equally allocated among the towns. This fixed cost will remain at 20% for the second year of the agreement and then increase to 25% of the total contract price during years three through five. The variable cost component will be based on the actual usage of services by each town. The usage will be recalculated each year based on the run volume during the period of October 1 through September 30 of the preceding year. The contract amount applicable to the Town of Moultonborough for the period April 1, 2010 through March 31, 2011 is \$177,002.

The annual contract price is subject to an annual cost of living adjustment in accordance with the State of New Hampshire Consumer Price Index (CPI) as referenced by the New Hampshire Employment Security, Consumer Price Index – Northeast Region CPI Components. Additionally, if the total run volume increases by 10% or more in a year, the contract price will increase by 10%.

For the year ended December 31, 2010, the Town expended \$166,164 under the terms of the emergency ambulance service agreement.

Solid Waste Contract

During April 2008, the Town renewed its long-term contract with an independent company to collect and transport municipal solid waste from the transfer station through March 31, 2012. Yearly increases for transportation and disposal will be based on the Consumer Price Index for All Urban Consumers for the preceding calendar year from November to the previous November and implemented every April 1st for the duration of the five year agreement. For the year ended December 31, 2010, the Town expended \$145,949 under the terms of the agreement.

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

SCHEDULE 1
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues: | | | | |
| Taxes | \$ 7,296,683 | \$ 7,296,683 | \$ 7,346,127 | \$ 49,444 |
| Licenses and permits | 1,180,000 | 1,180,000 | 1,094,977 | (85,023) |
| Intergovernmental | 625,646 | 384,520 | 377,649 | (6,871) |
| Charges for services | 470,000 | 470,000 | 458,547 | (11,453) |
| Interest income | 50,000 | 50,000 | 29,227 | (20,773) |
| Miscellaneous | 253,510 | 253,510 | 130,889 | (122,621) |
| Total Revenues | <u>9,875,839</u> | <u>9,634,713</u> | <u>9,437,416</u> | <u>(197,297)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,067,985 | 1,996,835 | 1,755,796 | 241,039 |
| Public safety | 2,462,429 | 2,455,179 | 2,238,427 | 216,752 |
| Highways and streets | 1,957,873 | 1,738,418 | 1,470,683 | 267,735 |
| Sanitation | 625,643 | 625,643 | 500,965 | 124,678 |
| Health and welfare | 625,009 | 643,409 | 600,949 | 42,460 |
| Culture and recreation | 777,213 | 779,563 | 736,738 | 42,825 |
| Capital outlay | <u>1,813,775</u> | <u>1,064,007</u> | <u>1,039,092</u> | <u>24,915</u> |
| Total Expenditures | <u>10,329,927</u> | <u>9,303,054</u> | <u>8,342,650</u> | <u>960,404</u> |
| Excess revenues over (under) expenditures | <u>(454,088)</u> | <u>331,659</u> | <u>1,094,766</u> | <u>763,107</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 308,935 | 45,326 | 44,975 | (351) |
| Transfers out | <u>(538,950)</u> | <u>(538,950)</u> | <u>(538,950)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(230,015)</u> | <u>(493,624)</u> | <u>(493,975)</u> | <u>(351)</u> |
| Net change in fund balance | (684,103) | (161,965) | 600,791 | 762,756 |
| Fund balance at beginning of year | | | | |
| - Budgetary Basis | <u>2,886,782</u> | <u>2,886,782</u> | <u>2,886,782</u> | <u>-</u> |
| Fund balance at end of year | | | | |
| - Budgetary Basis | <u>\$ 2,202,679</u> | <u>\$ 2,724,817</u> | <u>\$ 3,487,573</u> | <u>\$ 762,756</u> |

See accompanying notes to the required supplementary information

SCHEDULE 2
TOWN OF MOULTONBOROUGH
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended December 31, 2010

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 12/31/2010 | \$ - | \$ 3,133,764 | \$ 3,133,764 | 0% | \$ 2,549,386 | 122.9% |

See accompanying notes to the required supplementary information

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and expenditures were adjusted for on-behalf payments for fringe benefits and capital lease proceeds.

| | Revenues and Other Financing <u>Sources</u> | Expenditures and Other Financing <u>Uses</u> |
|---|--|---|
| Per Exhibit D | \$ 9,639,684 | \$ 9,013,384 |
| Difference in property taxes meeting susceptible to accrual criteria | (25,509) | |
| On-behalf fringe benefits | (50,284) | (50,284) |
| Capital lease proceeds | (81,500) | (81,500) |
| Per Schedule 1 | <u>\$ 9,482,391</u> | <u>\$ 8,881,600</u> |

Major Special Revenue Fund

Budgetary information in these financial statements has been presented only for the General Fund as there is no adopted budget for the Capital Reserve Funds.

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the Town's General Fund are as follows:

| | |
|---|---------------------|
| Reserved for prepaid expenses | \$ 13,847 |
| Unreserved: | |
| Designated for subsequent years' expenditures | 522,138 |
| Undesignated | <u>2,951,588</u> |
| | <u>\$ 3,487,573</u> |

NOTE 3—UNRESERVED DESIGNATED FUND BALANCE

Appropriations for certain projects and specific items not fully expended at year end are carried forward as continuing appropriations to the next year in which they supplement the appropriations of that year. At year end, continuing appropriations are reported as a component of the General Fund's unreserved fund balance and are detailed as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2010

| | |
|---|-------------------------|
| Road Improvement Block Grant | \$ 234,755 |
| Road Projects - Fox Hollow | 104,972 |
| SAR - State of NH | 241,126 |
| Transfer Station Improvements | 35,508 |
| Playground Community Fields | 257,444 |
| Pathway Phase # 2 & 3 | 66,585 |
| Emergency Management | 9,350 |
| Town Hall Roof | 6,165 |
| Town Hall Generator | 58,418 |
| Road Projects | 12,550 |
| | <hr/> 1,026,873 |
| Less: revenues not susceptible to accrual | (504,735) |
| | <hr/> <u>\$ 522,138</u> |

NOTE 4—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the Town is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The Town implemented the provisions of GASB Statement #45 during the year ended December 31, 2010. Accordingly, the funding progress has only been presented for the most recent actuarial valuation report. Additional disclosures will be made as the information becomes available.

SCHEDULE A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2010

| | Special Revenue Funds | | | | | |
|-------------------------------------|-----------------------|--------------------|-------------------------------|----------------------|-----------------------------------|---------------------|
| | Library Fund | Recreation Fund | Maintenance Trust Funds | Conservation Fund | Total Special Revenue Funds | Combining Totals |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 118,769 | \$ 87,444 | \$ 286,215 | \$24,362 | \$ 516,790 | \$ 622,646 |
| Investments | 87,552 | 36,676 | | | 124,228 | 124,228 |
| Due from other funds | 802 | 39,619 | 16,891 | | 57,312 | 57,312 |
| Total Assets | <u>\$ 207,123</u> | <u>\$ 163,739</u> | <u>\$ 303,106</u> | <u>\$24,362</u> | <u>\$ 698,330</u> | <u>\$ 804,186</u> |
| LIABILITIES | | | | | | |
| Due to other funds | | | | \$ 3,000 | \$ 3,000 | \$ 3,952 |
| Total Liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>3,000</u> | <u>3,000</u> | <u>3,952</u> |
| FUND BALANCES | | | | | | |
| Reserved for endowments | | | | | | 88,264 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 207,123 | 163,739 | 303,106 | 21,362 | 695,330 | 695,330 |
| Permanent funds | | | | | 16,640 | 16,640 |
| Total Fund Balances | <u>207,123</u> | <u>163,739</u> | <u>303,106</u> | <u>21,362</u> | <u>695,330</u> | <u>800,234</u> |
| Total Liabilities and Fund Balances | <u>\$ 207,123</u> | <u>\$ 163,739</u> | <u>\$ 303,106</u> | <u>\$24,362</u> | <u>\$ 698,330</u> | <u>\$ 804,186</u> |

SCHEDULE B

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds

For the Year Ended December 31, 2010

| | Special Revenue Funds | | | | | Permanent Funds | Combining Totals |
|---|-----------------------|-----------------|-------------------------|-------------------|-----------------------------|-----------------|------------------|
| | Library Fund | Recreation Fund | Maintenance Trust Funds | Conservation Fund | Total Special Revenue Funds | | |
| Revenues: | | | | | | | |
| Charges for services | | \$ 39,619 | | | \$ 39,619 | | \$ 39,619 |
| Interest and investment income | \$ 2,446 | 416 | \$ 2,199 | \$ 1 | 5,062 | \$ 952 | 6,014 |
| Miscellaneous | 26,699 | | | | 26,699 | 768 | 27,467 |
| Total Revenues | 29,145 | 40,035 | 2,199 | 1 | 71,380 | 1,720 | 73,100 |
| Expenditures: | | | | | | | |
| Current operations: | | | | | | | |
| Culture and recreation | 104,216 | | | | 104,216 | | 104,216 |
| Capital outlay | | | 157,176 | 3,000 | 160,176 | | 160,176 |
| Total Expenditures | 104,216 | - | 157,176 | 3,000 | 264,392 | - | 264,392 |
| Excess revenues over (under) expenditures | (75,071) | 40,035 | (154,977) | (2,999) | (193,012) | 1,720 | (191,292) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 95,802 | | 216,650 | | 312,452 | | 312,452 |
| Transfers out | | | | | - | (952) | (952) |
| Total other financing sources (uses) | 95,802 | - | 216,650 | - | 312,452 | (952) | 311,500 |
| Net change in fund balances | 20,731 | 40,035 | 61,673 | (2,999) | 119,440 | 768 | 120,208 |
| Fund balances at beginning of year | 186,392 | 123,704 | 241,433 | 24,361 | 575,890 | 104,136 | 680,026 |
| Fund balances at end of year | \$ 207,123 | \$ 163,739 | \$ 303,106 | \$ 21,362 | \$ 695,330 | \$ 104,904 | \$ 800,234 |

SCHEDULE C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - All Agency Funds
December 31, 2010

| | School Agency <u>Funds</u> | Performance Bond Agency <u>Funds</u> | Combining <u>Totals</u> |
|---------------------------|----------------------------------|--|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 809,950 | \$ 23,328 | \$ 833,278 |
| Total assets | <u>\$ 809,950</u> | <u>\$ 23,328</u> | <u>\$ 833,278</u> |
| LIABILITIES | | | |
| Due to other governments | \$ 809,950 | | \$ 809,950 |
| Deposits | | \$ 23,328 | 23,328 |
| Total liabilities | <u>\$ 809,950</u> | <u>\$ 23,328</u> | <u>\$ 833,278</u> |